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Attorneys for Plaintiff

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re:)	BK NO. 2:24-bk-18523-BB
)	ADV NO.
LI WAN; ZANPEI XU,)	
)	Chapter 7
Debtors.)	
<hr/>		
STUBBS ALDERTON & MARKILES, LLP, a)	COMPLAINT TO DETERMINE AMOUNT
California limited liability partnership,)	OF DEBT AND TO DETERMINE THE
)	DEBT TO BE NON-DISCHARGEABLE/
Plaintiff,)	DENY DISCHARGE
)	
vs.)	
)	
LI WAN, an individual aka Margaret Xu;)	
ZANPEI XU, an individual aka Heim Xu; and)	
DOES 1 through 10, inclusive,)	
)	
Defendants.)	

TO THE HONORABLE JUDGE OF THE BANKRUPTCY COURT:

AS AND FOR A SEPARATE CLAIM OF RELIEF, PLAINTIFF ALLEGES:

1. Plaintiff, STUBBS ALDERTON & MARKILES, LLP (hereafter, "SAM"), is a creditor of the above-named debtors: LI WAN (also known as Margaret Xu; hereafter, "WAN")

1 and ZANPEI XU (also known as Heim Xu; hereafter "XU"). In addition, SAM is a creditor of
2 Wisetex Apparel, LLC (a California limited liability company managed by including, but not
3 limited to, Debtor/Defendant XU).

4
5 2. Defendants WAN and XU, of 424 Arcadia Drive, San Pedro, CA 90731, are the
6 Debtors in the above-captioned proceedings.

7
8 3. This is an action under 11 USC §523(a)(2) and/or (a)(4); 11 USC
9 §523(c) for a determination excepting the debt due to Plaintiff from discharge. This Court has
10 jurisdiction of this action under 28 USC §1334, and this Complaint constitutes a core proceeding.

11
12 4. The above-referenced debt is a result of Defendants' fraudulent inducement of a
13 contract, whereby the Debtors/Defendants and Wisetex Apparel, LLC procured services from
14 Plaintiff without any real intent to pay for all of same, but instead intended to pretend the business
15 would fail, while in fact shifting assets to themselves and/or other businesses run by the Debtor(s)
16 individually and/or with others.

17
18 5. Defendants filed a Petition for Relief under Chapter 7 of Title 11 of
19 the United States Code in the United States Bankruptcy Court for the Central District of
20 California, and the Defendants listed this debt to Plaintiff as a liability of WAN, XU and Wisetex
21 Apparel, LLC. In the Petition, Defendants represented that, "Debtors are in the process of shutting
22 down Wisetex Apparel LLC and have accordingly budgeted no revenue, profit, or compensation
23 from the limited liability company."

24
25 6. Defendants knew at the time of making the above-referenced representations that
26 they had no intention of paying Plaintiff for all of the services and falsely and fraudulently, for the
27 purpose of deceiving Plaintiff, promised to do so.

28 ///

1 7. By reason of said actions, Debtors/Defendants were able to deceive Plaintiff into
2 entering into said transaction. Plaintiff was unaware that the representations of Defendants were
3 false and fraudulent and, justifiably relying on said representations as being true, determined to
4 deliver/provide services to the Debtors/Defendants and Wisetex Apparel, LLC. Had the Plaintiff
5 known said representations were untrue, it would not have provided said services to
6 Debtors/Defendants and/or to Wisetex Apparel, LLC.

7
8 8. Obviously, all debts were not paid (i.e., the Debtors/Defendants listed the debt
9 described herein in their Schedules). On information and belief, Plaintiff alleges that the
10 Debtors/Defendants have failed to explain, satisfactorily, any losses of assets or deficiency of
11 assets, to meet their liabilities.

12
13 9. Plaintiff alleges on information and belief that the Debtors/Defendants sold and
14 conveyed various assets/items of Wisetex Apparel, LLC's property to persons (and, likely,
15 themselves) or firms unknown to Plaintiff without receiving in exchange therefor fair and adequate
16 consideration.

17
18 10. Plaintiff alleges on information and belief that, each such asset and/or item of
19 business property transferred and/or sold was worth in excess of the consideration, if any, received.
20 The transfer(s) and/or sale(s) made by the Debtors/Defendants under the circumstances as related
21 herein is contrary to the bankruptcy statutes and the Debtors' discharge should be denied for the
22 reason that at each such time either Debtor transferred, removed, concealed or sold property/assets
23 was with the intent to hinder, delay or defraud creditors and/or otherwise constituted a voidable
24 transfer under appropriate laws.

25
26 11. As a direct and foreseeable result of false and fraudulent statements of and/or
27 intentional actions and failures to act of Defendants, and by reason of Plaintiff's relying on the
28 truthfulness of the same Plaintiff has been damaged in the sum of \$215,239.32, plus interest

thereon at the maximum legal rate from September 30, 2022.

WHEREFORE, Plaintiff prays for Judgment as follows:

1. That the Court determine the amount of debt in a sum according to proof, but no less than \$215,239.32;
2. That the Court determine that the debt referenced above is a debt which may be excepted from discharge, after notice and hearing, under 11 USC §523(a)(2) and/or 11 USC §523(a)(4) and 11 USC §523(c);
3. That the day and date be set for hearing to determine the amount of debt and the non-dischargeability of said debt;
4. For costs herein expended;
5. For an order directing that Writs of Execution and Attachment issue against the Defendant for the amount of Plaintiff's Judgment plus interest; and
6. For such other relief to which the Plaintiff may be entitled.

DATED: January 13, 2025


Respectfully submitted,
HERZLICH, BLUM & ROZA, LLP

By: 
MARTA ROZA

B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)	
PLAINTIFFS STUBBS ALDERTON & MARKILES, LLP, a California limited liability partnership		DEFENDANTS LI WAN, an individual aka Margaret Xu; ZANPEI XU, an individual aka Heim Xu	
ATTORNEYS (Firm Name, Address, and Telephone No.) HERZLICH, BLUM & ROZA, LLP 27240 TURNBERRY LANE, SUITE 200 VALENCIA, CALIFORNIA 91355 Telephone (818) 783-8991		ATTORNEYS (If Known)	
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input checked="" type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee		PARTY (Check One Box Only) <input checked="" type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) This is an action under 11 USC §523(a)(2) and/or (a)(4); 11 USC §523(c) for a determination excepting the debt due to Plaintiff from discharge. This Court has jurisdiction of this action under 28 USC §1334, and this Complaint constitutes a core proceeding			
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)			
FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input checked="" type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input checked="" type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)		FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
<input type="checkbox"/> Check if this case involves a substantive issue of state law		<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint		Demand \$ 215,239.32	
Other Relief Sought			

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR LI WAN; ZANPEI XU		BANKRUPTCY CASE NO. 2:24-bk-18523-BB	
DISTRICT IN WHICH CASE IS PENDING Central		DIVISION OFFICE Los Angeles	NAME OF JUDGE Honorable Sheri Bluebond
RELATED ADVERSARY PROCEEDING (IF ANY)			
PLAINTIFF		DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING		DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 			
DATE January 13, 2025		PRINT NAME OF ATTORNEY (OR PLAINTIFF) Marta Roza	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.